

**ULTS Trust Administrative Committee
Meeting Agenda**

May 28, 2004 (Friday)


10:00 AM

505 Van Ness Avenue, Technical Library 

San Francisco, CA 94102

Teleconference: 877-780-7587 / Passcode: 242672#

- | | | |
|---|--------------|-----------------|
| 1. Introduction | 10:00 | |
| 2. April 8, 2004 Meeting Minutes: Committee will review and approve April 2004 meeting minutes prepared by the Telecommunications Division (TD). | 10:10 | pp. 2-4 |
| 3. Marketing Programs | 10:15 | |
| 2004-05 Marketing Campaign: TD will update the Committee on the status of RFP 03PS5427 (ULTS Marketing). | | |
| 4. Fiscal Year 2005-06 Budget: Committee will review and approve FY 2005-06 ULTS program budget recommended by TD. | 11:00 | pp. 5-6 |
| 5. Meetings for FY 2004-05: Committee will discuss the 1-meeting limitation set by TD for FY 2004-05 pursuant to a budget directive issued by CA Dept of Finance. | 11:15 | pp. 7-8 |
| 6. 2003 Annual Reports: The Committee will review the revised 2003 Annual Report prepared by committee members, Marlene Hebert to be submitted to the Commission in accordance with Charter § 4.b. | 11:30 | pp. 9-16 |
| 7. Liaison Reports: TD reports on the status of the Strategic Plan revision. | 12:00 | |
| 8. Public Comments | | |
| 9. Future Meeting Dates: The Committee has tentatively scheduled the last FY 2003-04 meeting to be held on June 24, 2004, and will discuss meeting date(s) for FY 2004-05. | 12:10 | |
| 10. Adjournment | | |

 This location is accessible to people with disabilities. If specialized accommodations for the disabled are needed, e.g. sign language interpreters, please call the Public Advisor at (415)703-2074 or TTY (415)703-5282 or toll free # (866)836-7825 three business days in advance of the meeting.

Meeting Minutes ²
of
Universal Lifeline Telephone Service Trust Administrative Committee

Date: April 8, 2004

Location: California Public Utilities Commission
505 Van Ness Avenue, Training Room
San Francisco, CA 94102

Members Present:

Mateo Camarillo (Chairman)
Ana Montes
Ken McEldowney
Marlene Hebert
Joel Tolbert

Lyle Millage
Jeffrey Mondon
Rhonda Armstrong, via teleconference

Mike Gipson (At 11:00 am, the Committee was informed by the CPUC Security that Mike called 877-780-7587 but was connected to the ULTS-Marketing's Bidder Conference. When Mike and the CPUC Operator called the new teleconference number 877-347-9604, access was denied.)

Liaisons Present:

Mary Evans, Communications and Public Information Division (CPID)
Geoffrey Dryvynsyde, Legal Division (LD)
Angela Young, Telecommunications Division (TD)

Others in Attendance:

Cheryl Cox, Commissioner Lynch's Office
Linda Vizcarra, SoCal Gas
Alannah Kinser, Office of Ratepayer Advocates
Patrick Rosvall, Counsel for Small and Mid-Sized LECs
Bettina Cardona, FONES4All

1. Introduction

Mateo called the meeting to order at 10:00 and a quorum was in attendance.

2. January 2004 Meeting Minutes

Marlene Hebert moved approval of the January 2004 meeting minutes. Joel seconded the motion. Ana abstained and Rhonda recused herself. There was no further discussion and the motion was approved unanimously by the remaining attending members.

² An audiotape for this meeting can be made available at 505 Van Ness Avenue, San Francisco. Contact person: Angela Young, 415-703-2837 (phone) or ayy@cpuc.ca.gov (e-mail).

3. Marketing Programs

Angela informed the Committee that a Bidder's Conference for the 2004-05 ULTS marketing Request for Proposal (RFP) is being held today starting at 9:00 am in the Auditorium. Therefore, Karen Miller, Contract Manager for this RFP, is unavailable to update the Committee on the status the RFP.

Ana recommended that the Committee cancel or end this meeting quickly, and attend the Bidder's Conference. Under its Charter, the Committee is to advise and recommend about the ULTS marketing program to the Commission. Thus far, the Committee has not been given an opportunity to advise on the RFP. At the last meeting, Ana asked for a copy of the proposed RFP, but none was received. Mateo stated similar disappointment. He also verbally requested a copy of the proposed RFP and none was received.

Angela explained that Karen developed the RFP under the supervision of the TD Director and guidance from two Commissioner Offices. In order to allow the Commission to charge the marketing contract against the FY 2003-04 appropriation, this contract has to be in place before July 1, 2004. Therefore, the RFP was put on a fast track and a tight-schedule.

Ken and Marlene also questioned the role and mission of the Committee. The conflict of interest issue has infringed on the Committee's ability to act and advise the Commission on the program budget and the marketing program. Mateo asked Geoffrey whether he could update the Committee on this issue.

Geoffrey indicated that the Commission has been struggling for a resolution on the conflict of interest issue for quite sometime. The Commission has reevaluated the proposal submitted by the Legal Division, but concluded that it is not the Commission's preferred option. The Commission is now internally developing a different approach and solution. The counsel who is working with the Commission on a new approach assured Geoffrey that forward motion on a solution is being made. The goals are to maintain the composition of the various advisory boards and to allow the boards to function effectively.

Mateo indicated that it is difficult for the Committee to participate and contribute, if the Committee is kept in the dark yet told, meeting after meeting, that progress is being made without sharing any details. It is important if Geoffrey could convey the Committee's frustrations to decision-makers. The sooner the Commission develops a solution, the sooner the Committee can become effective. With this said, Mateo recommended that the Committee go over the remaining agenda items as quickly as possible. If time permits, the Committee would adjourn and join the Bidder Conference.

4. 2003 Annual Report

The Committee reviewed the 2003 Annual Report drafted by Marlene and recommended numerous changes. Marlene will resubmit the revised Report to the Committee for review and approval in the next meeting.

5. Strategic Plan

Instead of reviewing the Strategic Plan page by page, Mateo recommended that members send their proposed changes to Angela electronically. Angela will incorporate the proposed changes and re-submit the Strategic Plan to the Committee for review and approval.

6. Liaison Reports

Mary Evans informed the Committee that Mateo has submitted his resignation as representative of the Chicano Federation of San Diego County (see page 44 of the Handouts). Subsequently, the House of Mexico nominated Mateo to serve/continue serving on the ULTS-AC. Since the House of Mexico is also a 501(c)(3) community-based organization, Mateo can continue to serve on the ULTS-AC without intermittence.

Angela directed the Committee to pages 45 and 46 of the Handouts. Page 45 is a letter that Mateo sent to the Director of TD requesting the approval of the Committee to hold 12 meetings during calendar year 2004. Page 46 is TD's response rejecting Mateo's request and limiting the number of committee meeting to 1 during fiscal year 2004-05. Jeff, who also serves on the California Teleconnect Fund Administrative Committee (CTF-AC), informed the Committee that the CTF-AC also faces similar problem. To save costs, CTF-AC has requested permission to hold meetings via teleconference. Jeff suggested that the Committee make similar request to TD if cost is the determinative factor. Mateo directed Angela to seek TD's approval based on Jeff's recommendation, and requested a copy of Department of Finance's budget directive be provided to the Committee at the next meeting.

Geoff reminded committee members that Conflict of Interest Form 700 was due on April 1. Members that have not filed Form 700 should do so immediately. The penalty for failure to file is \$10.00 per day from the date that a member is informed of the tardiness by the filing officer to the date that the Form is filed. The disclosure requirements are outlined in Section 4.3 of the Charter. The form should be sent to the Executive Office at 505 Van Ness Ave, San Francisco, CA 94102.

7. Public Comments

There were no public comments.

8. Future Meeting Dates

The Committee decided to hold the remaining two meetings for FY 2003-04 on May 20 and June 24.

9. Adjournment

The meeting was adjourned at 11:35 am.

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May xx, 2004

William Ahern, Executive Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Universal Lifeline Telephone Service (ULTS) Trust Administrative Committee
Fund Proposed Program Expenditures for FY 2005-06

Pursuant to the duties and responsibilities charged under Article 4.1.(a) of the Charter of the ULTS Trust Administrative Committee (AC), the ULTS-AC proposes a \$259.904 million program expenditure budget for Fiscal Year (FY) 2005-06 attached as Appendix A. In developing this budget, we have considered the following:

- FY 2005-06 ULTS claims projected by the telecommunications carriers;
- The 03PS5427 marketing contract;
- A new Call Center contract;
- Audit requirements set forth in Public Utilities Code § 274;
- Committee meeting expenses for 12 monthly and 6 sub-committee meetings;
- A new service contract for the process of surcharge revenues remitted by telecommunications carriers;
- Commission staff costs for administering the ULTS program;
- The program's pro-rata share of state control agencies cost; and
- Data processing costs.

Anyone may protest or respond to this request. Any responses and/or protests must be made in writing and received by the Commission within 20 days from the date that the notice of this request appeared in the Commission's Daily Calendar. The address for mailing or delivering a protest or response to is:

California Public Utilities Commission
Attn: Director, Telecommunications Division
505 Van Ness Avenue
San Francisco, CA 94102

Mateo Camarillo, Chair

Mike Gipson, Vice-Chair

cc: Commission
Parties of Record in R.98-09-005

Universal Lifeline Telephone Service Trust Administrative Committee (May 28, 2004)

Universal Lifeline Telephone Service Trust Administrative Committee Fund Budgets

		Reported to State Controller's Office	Appropriated in the Annual Budget Act	Approved by Commission in Resolution T- 16795	Proposed by ULTS-AC
		<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>
PROGRAM EXPENSES					
a	Carrier Claims	\$215,045,374	\$230,000,000	\$242,000,000	\$250,000,000
b	Other Program Services-Marketing/Call Center	\$5,449,141	\$5,694,000	\$5,758,000	\$6,000,000
c	Other Program Payments		\$6,000,000		
d	Administrative Committee Expenses	\$11,524	\$21,000	\$21,000	\$21,000
e	Financial Audit		\$100,000	\$100,000	\$100,000
f	Compliance Audit		\$500,000	\$500,000	\$500,000
g	Surcharge Remittance Audit	\$100,000	\$600,000	\$600,000	\$600,000
h	Claim Audit	\$100,000	\$900,000	\$900,000	\$900,000
i	Banking Fee	\$100,000	\$0	\$0	\$25,000
j	Interagency Cost		\$839,000	\$1,378,000	\$1,378,000
k	CPUC Staff Costs	\$366,383	\$330,000	\$330,000	\$330,000
l	Other Operating Expenses	<u>\$81,859</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>
m	Total Program Expenses (sum of a thru l)	<u>\$221,254,281</u>	<u>\$245,034,000</u>	<u>\$251,637,000</u>	<u>\$259,904,000</u>
Annual Budget Growth:			10.75%	2.69%	3.29%
# of ULTS subscribers:		3,370,943	3,343,470		
		(2002	(2003		
		Monthly Average)	Monthly Average)		

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 25, 2004

Mateo Camarillo
4177 Kensington Drive
San Diego, CA 94117

Re: Universal Lifeline Telephone Service Trust Administrative Committee

Dear Mr. Camarillo:

I have received your letter dated February 6, 2004 requesting permission for the Universal Lifeline Telephone Service (ULTS) Trust Administrative Committee (Committee) to meet 12 times during calendar year 2004. This request would allow the Committee to achieve its goal for 2004 for advising and assisting Commission on the development of a new Request for Proposal (RFP) for a competitively neutral, multi-lingual Marketing Program and not to lose sight of the goals and the purposes of this valued marketing program created by the Commission.

I thank you and your colleagues for the commitment and devotion in serving on this Committee. However, for fiscal year (FY) 2004-05, the Commission has been directed to revise the budgets of various telecommunications public programs to comport with directives set forth in budget letters issued by the Department Finance. One of these budget letters is Budget Letter 03-02, which limits all State advisory bodies' meeting to one annually. Unfortunately, I, not only cannot grant your request, but have to inform you that the ULTS Committee may only meet once during FY 2004-05. Should this condition be changed in the final State Budget, I will promptly inform you and your colleagues.

Sincerely,

/s/ John M. Leutza, Director
Telecommunications Division

BUDGET LETTER

SUBJECT: ANNUAL MEETINGS FOR STATE ADVISORY BOARDS AND COMMISSIONS	NUMBER: 03-02
REFERENCES:	DATE ISSUED: January 29, 2003
	SUPERSEDES:

TO: Agency Secretaries
Department Directors
Department Budget Officers
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

Budget Officers are requested to forward a copy of this budget letter to Departmental advisory board and commission members.

As directed in the 2003-04 Governor's Budget Summary (page 216), all State advisory bodies are to limit their meetings to one annually, if such limitation does not require statutory change. This practice should produce savings and contribute to the solutions to the budgetary shortfall. All advisory bodies are requested to implement this new practice as soon as possible.

Per Government Code Section 13337.3 (a) (1), "Advisory body" means every board, bureau, commission, committee, panel, task force, or similar group created by statute or executive order whose principal function is to review, advise, plan, advocate, or promote.

If you have any questions, please contact your Finance budget analyst.



BETTY T. YEE
Chief Deputy Director

D R A F T

ANNUAL REPORT OF
THE UNIVERSAL LIFELINE TELEPHONE SERVICE
TRUST ADMINISTRATIVE COMMITTEE

FOR THE PERIOD

FEBRUARY 1, 2002 THROUGH JUNE 30, 2003

Submitted by: Mateo Camarillo, Chairman ULTS-AC
Marlene Hebert, ULTS-AC Member

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Preface

The Universal Lifeline Telephone Service Administrative Committee (ULTS-AC) has changed from an administrative to advisory role. Senate Bill 669 (SB 669) implemented changes to the ULTS Marketing Board (ULTS-MB) and ultimately the ULTS-MB and the ULTS-AC joined as one committee body.

Under Government Code 1090 – Universal Lifeline Telephone Service Administrative Committee (ULTS-AC) members with financial interests in the ULTS program not to deliberate and vote on budget related issues and other issues that could pose a potential conflict of interest. This is currently being reviewed by the Legal Division of the Commission. A final outcome has yet to be determined.

The State of California is experiencing an all-time high budget deficit this fiscal year and is laying-off state employees. This deficit has seriously impacted the amount of time telecommunication public programs have been allowed to meet due to staffing limitations. For the reasons mentioned above, the ULTS-AC has been faced with ambiguity. The committee was unable to meet during a large part of this period.

Executive Summary

Pursuant to Ordering Paragraph 43 of the Commission's Decision (D.) 97-12-105, the Universal Lifeline Telephone Service Administrative Committee (ULTS-AC) hereby submits its Annual Report for the period February 1, 2002 through June 30, 2003.

The Moore Universal Telephone Service Act (AB 1348), adopted in 1983, established the ULTS Program to provide affordable basic local residential telephone service to qualified Californians. In 1987, the legislature repealed AB 1348 and re-enacted it as AB 386. The bill became law in September 1983 and is known as Article 8. The Moore Act is based on the premise that telephone service is basic to civilized life and that everyone should be reachable by telephone.

Under AB 1348, the program was funded by a surcharge on the service suppliers. AB 386 funded the program by a surcharge on the end users' bills for telecommunications services. In January 1988, the CPUC established the ULTS Trust to administer the funds received and disbursed under the Moore Act (AB 1348 and AB 386).

Prior to January 1, 1995, the ULTS surcharge was assessed on intrastate toll billing only. As part of the State's telecommunications restructuring, the Commission changed the manner in which the ULTS surcharge was assessed to support the growing demands on the program. The expanded billing base allowed the Commission to lower the ULTS surcharge rate from 6% to 3% in 1995. The enactment of the federal Lifeline and Link-Up America programs has provided additional support for the California ULTS program. The ULTS program is funded by a surcharge billed and collected by all telecommunications carriers, which then remit the surcharge monies to the financial institution designated by the Commission. In compliance with PU Code § 277(a), the designated financial institution is directed to transfers these surcharge monies daily to the State Treasury for deposit in the ULTS Fund account. Telecommunications services that are subject to the ULTS surcharge include all intrastate services except for the following:

- a. ULTS discounted services;
- b. charges to other certificated carriers for services that are to be resold;
- c. coin sent paid telephone calls (coin in box) and debit card calls;
- d. customer-specific contracts effective before 9/15/94;
- e. usage charges for coin-operated pay telephones;
- f. directory advertising; and
- g. one-way radio paging.

The table below demonstrates the ULTS surcharge rates since January 1, 2001:

Effective Dates		Rate
From	To	
1/1/2004	Present	1.10%
9/1/2003	12/31/2004	1.20%
1/1/2003	8/31/2003	0.00%
7/1/2001	12/31/2003	1.45%
1/1/2001	6/30/2001	0.80%

Accomplishments:

- Discussed and reviewed Senate and Assembly Bills associated with ULTS
- Closely track and submitted comments when necessary in proceedings that affect the qualifying ULTS populace such as R.03-04-003 – Deployment of Advanced Telecommunications Technologies
- Advised Commission regarding the development, implementation and administration of the ULTS Trust Program.

- Maintained budget consciousness by reviewing and monitoring the finances
- Focused on achieving the ULTS program goals of providing basic telephone service to all qualifying low-income households.
- Advised the Commission of ways to educate qualified customers of the benefits of this program.
- Advised Commission on how to use existing funding levels.
- Advised on how to narrow the gap between the total number of households with phone service who qualify for the program and the total number of such customers who actually use the program.

February 1, 2002-June 30, 2003 - Committee Actions:

- Discussed and assessed definition of ULTS affecting low-income Californians
- Amicable merged the ULTS Marketing Board with the ULTS Administrative Committee
- Ongoing discussions continue on the subject of the Commission's concerns with regards to a potential conflict of interest for telecommunication board members providing advice on budget issues

Committee Recommendations to the Commission:

- Continue use of Community-Based Organizations (CBOs) for community outreach.
- Continue diverse representation on the ULTS-AC
- Affirmed the value for the ULTS-AC to meet six times per year rather than the current restriction of only meeting one time per fiscal year
- Continue open-door policy between the ULTS-AC and Commissioners

Administrative Committee's Mission

In October 1996, the California Public Utilities Commission issued Decision 96-10-066 (as amended by Decision 97-12-105 in December 1997) establishing the ULTS Marketing Board (Marketing Board) as the entity responsible for marketing the ULTS Program in a competitively neutral manner. The Marketing Board, supported by the staff of the Universal Lifeline Telephone Service Trust, began its activities in January 1998.

The Marketing Board was given the responsibility to (1) develop a marketing campaign that would help achieve the ULTS program goal of providing basic phone service to all

qualifying low-income households; (2) devise competitively neutral marketing strategies; and, (3) oversee the implementation of ULTS marketing campaigns.

Decision 97-12-105 requires that the Marketing Board prioritize expenditures. 80% of its marketing budget must be used to market the ULTS program and basic telephone service to households that qualify for ULTS but do not have phone service. The remaining 20% of the marketing budget must be used to market the ULTS program to residential customers with phone service who qualify for the ULTS Program but are not currently using the program.

Decision 97-12-105 also ordered the Marketing Board to contract for one or more market studies to gather information necessary for the development of permanent ULTS marketing campaigns. Board members, staff and outside contractors have worked diligently to develop a ULTS marketing program and public outreach campaign that reflects diversity while maintaining program integrity. Since funding available to the ULTSMB was limited, the ULTSMB prioritized its expenditures of its marketing budget to reflect the most pressing needs of the ULTS program. ULTSMB was directed to devote 80% of its marketing budget to campaigns designed to bring basic telephone service to qualifying households without telephone service and the remaining 20% to closing the gap between the total number of households with phone service who qualify for the program and the number of such households that actually use the program.

Universal Lifeline Telephone Service Administrative Committee Activities:

The annual budget was limited to \$5 million and the CPUC directed the ULTSMB to devote 80 percent of its marketing budget to campaigns designed to bring basic telephone service to qualifying households without telephone service. The remaining marketing budget of 20% was to be used to close the gap between the total number of households with telephone service who qualify for the ULTS program and the number of those households that actually use the program.

The ULTSMB contracted with a marketing firm to establish an outreach campaign that would educate customers and promote awareness of the ULTS program to low-income households and increase the number of subscribers in the program. In November 1999 phase one of the campaign started and was known as “Connect California”. A public advertisement phase commenced in April 2000 and was completed in October 2000. During that time a ULTS call center was established to help facilitate

customer access to a local telephone service provider of the customers choice in order to establish service. The call center was staffed by telephone representatives who assisted customers with any questions relating to the ULTS program. Additionally, representatives were available for the non-English speaking customers identified as part of the target audience.

Senate Bill 669 (SB 669) implemented changes to the ULTSMB relative to the program administration of the ULTS. Under SB 669, the existing ULTSMB was disbanded and the new ULTS-AC board was created. This bill required that the administrative responsibilities for the ULTS program become the responsibility of the CPUC. Oversight of the ULTS program was assigned to the CPUCs Telecommunications Division (TD).

By Commission Decision 02-04-059 the restructuring of the ULTS program was completed and the establishment of the new ULTS-AC commenced effective February 1, 2003. As stated above, the CPUCs TD is the program administrator overseeing the ULTS contract administration and marketing activities with input from the ULTS-AC in its new advisory capacity.

The current Committee is comprised of 9 primary members and 8 alternate members consisting of the following representatives: a large or mid-sized local exchange carrier (LEC; a small LEC; an inter-exchange carrier, competitive local exchange carrier (CLEC) or wireless carrier; two consumer organizations, each of whom represents a different constituency, based on geographic or economic criteria, on language, or on other criteria which reasonably influence lack of access to basic telephone service – or one consumer organization and a state agency with universal service expertise; three community based organizations (CBOs), each of whom represents a different constituency , based upon geographic or economic criteria, on language, or other criteria which reasonably influence lack of access to basic telephone service; the Commission’s Office of Ratepayer Advocates.

The alternate member is there to support the primary member in their absence. It is not uncommon for the alternative members to attend the meetings. All members were given the opportunity to attend orientation which consisted of a chronological history of the program and their efforts, the ULTS claims filed by carriers, budget issues, CPUC website, program

surcharge, contracting issues, the marketing project, call center project and relevant telecommunications matters.

Per Decision 98-10-050, dated 10-22-98, under this decision the ULTS-MB could move from interim marketing status to marketing the ULTS program. The Interim Marketing Program Phase II & Call Center presented an overview for the Committee members sharing the Marketing Team, the Project Management, Public Relations and their methods, Community-Based Organization (CBO) outreach methods targeting and Call Center goals successful to the campaign.

For the remaining six months the Committee plans to:

- Prepare and present the Request for Proposal (RFP) for the Marketing Contract
- Prepare and present the Request for Proposal (RFP) for the Call Center Contract
- Review and Revise Annual Report for 2002-2003 fiscal year
- Review Finance Report and the impact of the State's budget cutbacks
- Charter
- Met with Department of General Services to have a better understanding of their role
- Remain alert on the ULTS Program's with a successful outreach campaign
- Work with CPUC Legal on all issues
- Maintain focus on achieving the ULTS program goals of providing basic phone service to all qualifying low-income households.